

NORTH AMERICAN PALLADIUM LTD.

WHISTLEBLOWER POLICY

1. General

North American Palladium Ltd. (the “Company”) recognizes that the Company’s reputation and success are due largely to the integrity and competence of the people who conduct its business. Every director, officer and employee of the Company and its subsidiary operations is a representative of the Company in his/her relationship with others including suppliers, contractors, customers, other employees, governments, investors, competitors and the general public.

The Company expects all employees to adhere to the highest standards of personal and professional integrity and to avoid any conduct that might reflect unfavourably upon them, other employees or upon the Company. With these qualifications in mind the management of the Company has adopted a Code of Conduct which sets forth the standards of behaviour that the corporation and its subsidiaries require of their directors, officers and employees, including contract employees and consultants.

The business goals of the Company are important and demanding but these goals must be achieved honestly and ethically.

2. Purpose

The purpose of this policy is to provide a mechanism by which any director, officer or employee, including any contract employee or consultant, of the Company may raise their concerns free of any discrimination, retaliation or harassment.

This policy has been established to outline the procedures for the submission, on a confidential and anonymous basis, the receipt, treatment and retention of complaints or concerns regarding questionable financial statement disclosure, accounting, auditing matters or violations to the Code of Conduct or operating policies and procedures for the Company

The purpose of this policy is also to state clearly that the Company prohibits discrimination, harassment and/or retaliation against any employee, officer or director who performs any of the following actions in accordance with this policy:

- (i) reports complaints regarding financial statement disclosure issues, accounting, internal accounting controls, auditing matters or violations of the Code of Conduct or any operating policies and procedures for the Company; or
- (ii) provides information or otherwise assists in an investigation or proceeding regarding any conduct which he or she reasonably believes to be a violation of employment or labour laws; securities laws (including the rules and regulations of

the Ontario Securities Commission, the securities regulatory authorities in the other provinces and territories of Canada and the United States Securities and Exchange Commission, the United States *Securities Act of 1933*, as amended, the United States *Securities Exchange Act of 1934*, as amended, the Toronto Stock Exchange or the American Stock Exchange), laws regarding fraud or the commission or possible commission of a criminal offence.

3. Definitions

For the purposes of this policy, the following definitions shall apply:

Company

Any reference to the “Company” shall include both the parent company, North American Palladium Ltd., and any of its subsidiary operations.

Person

A “Person” means any director, officer or employee, including any contract employee or consultant, who conducts any business for, or on behalf of, the Company.

Good Faith

“Good Faith” means without malice or for personal benefit and there is a **reasonable basis** to believe that the report is true. A report does not have to be proven to be true to be made in good faith. Good Faith is lacking when the disclosure is known to be malicious or false.

Wrongdoing

The term “Wrongdoing” shall include, but is not limited to, any action taken or omission by an individual which constitutes:

- questionable accounting or auditing matters, or inadequate internal accounting controls
- disclosure of fraudulent or misleading financial information
- a violation of any provincial, state or federal rules, regulations or legislation of any jurisdiction in which the Company operates that could result in sanctions, penalties or convictions against the Company, fines or civil damages payable by the Company, or that could otherwise significantly harm the Company’s reputation or public image, including criminal offences and fraud
- a violation of Company policies, including the Code of Conduct, or standard operating procedures
- endangerment to health or safety of employees and/or the general public

Accounting Allegation

An “Accounting Allegation” means any alleged Wrongdoing reported by a Person regarding questionable accounting, internal accounting controls and auditing matters, including those regarding the circumvention or attempted circumvention of internal accounting controls or that would otherwise constitute a violation of the Company’s accounting policies, and any other suspected accounting or financial reporting irregularity or impropriety.

Adverse Employment Action

“Adverse Employment Action” shall include, but is not limited to, demotion, suspension, termination, transfer to a lesser position, denial of promotions, denial of benefits, threats, harassment or denial of compensation as a result of the Person’s report of Wrongdoing, or any manner of discrimination against a Person in the terms and conditions of employment because of any other lawful act done by the Person pursuant to this policy, Section 806 of the Sarbanes-Oxley Act of 2002, or any equivalent provincial or federal laws and regulations which apply to the Company.

4. Scope

Everyone at the Company is responsible for ensuring that the workplace is free from all forms of discrimination, harassment and retaliation prohibited by this policy. No Person associated with the Company has the authority to engage in any conduct prohibited by this policy.

This policy protects any Person who in Good Faith:

- (i) discloses any Wrongdoing by any Person;
- (ii) files, causes to be filed, testifies, participates in, or otherwise assists in a proceeding filed, or about to be filed related to an alleged Wrongdoing;
- (iii) provides information, causes information to be provided, or otherwise assists in an investigation regarding any alleged Wrongdoing when the information or assistance is provided to or the investigation is conducted by law enforcement, regulatory authorities, a legislature, or the Company; or
- (iv) submits any complaint of Wrongdoing in accordance with the procedures set out within the provisions of this policy.

If any Person in Good Faith engages in any of the actions listed above, the Company shall not take an Adverse Employment Action against him or her because of that activity. However, since such allegation of Wrongdoing may result in serious personal repercussions for the target Person or entity, the Person making the allegation of Wrongdoing should have a reasonable basis before reporting such Wrongdoing and should undertake such reporting in Good Faith and not for personal gain or motivation.

5. Responsibilities

With regards to this policy, all Persons are expected to act in accordance with the following guidelines:

Obligation to Report Concerns

It is the responsibility of each Person to comply with the law and the policies and procedures established by the Company and to report any Wrongdoing or suspected Wrongdoing in accordance with this policy.

The Company believes it is the responsibility of, and encourages, any Person, when based on Good Faith, to report any Wrongdoing or a suspected Wrongdoing which has occurred or is occurring.

Protection from Retaliation

No Person who in Good Faith files a complaint, submits a concern or reports any Wrongdoing or a suspected Wrongdoing shall suffer Adverse Employment Action.

Consistent with the policies of the Company, the Audit Committee shall not take any Adverse Employment Action, and shall not tolerate any Adverse Employment Action by Management or any other Person, directly or indirectly, against any Person who, in Good Faith, alleges Wrongdoing or provides assistance to the Audit Committee, Management or any other person or group, including any governmental, regulatory or law enforcement body, investigating an allegation of Wrongdoing.

Any Person who takes an Adverse Employment Action against someone who has made such a filing, submission or report in Good Faith is subject to discipline up to and including termination of employment.

This policy is intended to encourage and enable Persons to raise serious concerns within the Company rather than seeking resolution outside the Company.

Acting in Good Faith

Any Person filing a complaint, submitting a concern or reporting a Wrongdoing or suspected Wrongdoing must be acting in Good Faith. Any allegations that prove to be frivolous or unsubstantiated, or which prove to have been made maliciously or knowingly to be false, will be viewed as a serious disciplinary offense.

In the event that the investigation reveals that the complaint was not made in Good Faith, the Audit Committee may recommend, and complainant's supervisor shall impose, appropriate disciplinary action.

Reporting Procedures

Complaints or concerns of Wrongdoing by the Company or any Person should be submitted to a Person's supervisor or manager responsible for the group which provides the relevant service, or to either the CEO or CFO, recognizing however, that this depends on the seriousness and sensitivity of the issues involved and who is suspected of Wrongdoing. Any issues brought to the attention of a manager, supervisor, or the CEO and CFO shall be immediately forwarded to the Chair of the Audit Committee.

As an alternative, complaints or concerns under this policy may be submitted directly on a confidential and anonymous basis in using any of the following methods:

1. Concerns may be sent by mail to:

Chair of the Audit Committee
North American Palladium Ltd.
130 Adelaide St. W., Suite 2116,
Toronto, Ontario M5H 3P5

2. Use a non-identifiable third party email address to forward the concern or issue to the attention of the Chair of the Audit Committee at the following address:

napauditenquiry@tbaytel.net

Confidentiality

The Company will treat all reports and complaints of Wrongdoing as confidential and privileged to the fullest extent permitted by law. Particular care will be exercised to keep confidential the identity of any Person making a report or complaint under this policy until a formal investigation is launched. Thereafter, the identity of the Person making the report or complaint may be kept confidential, if requested, unless such confidentiality is incompatible with a fair investigation, unless there is an overriding reason for identifying or otherwise disclosing the identity of the person or unless such disclosure is required by law.

In the instance where disclosure of the identity of the Person filing the report or complaint is required, the Person making the complaint will be so informed in advance of his or her being identified with the report or complaint.

Where disciplinary proceedings are invoked against any Person arising from a report or complaint, the Company will normally require the name of the Person making the report or complaint to be disclosed to the Person who is subject to such proceedings.

The Company encourages individuals to put their name to any report or complaint they make because appropriate follow-up questions and investigation may not be possible unless the source of the information is identified.

All reports and complaints submitted will be kept confidential to the extent possible consistent with the need to conduct an adequate investigation and to the extent permitted by law.

Handling of Reports

Upon notification of any report, the Chair of the Audit Committee will ensure that the reported issues are submitted to the Audit Committee for discussion in a timely manner.

The Audit Committee of the Board of Directors shall address all reports submitted to it with complaints or concerns of Wrongdoing, including corporate accounting practices, internal accounting controls or auditing matters.

All reports and complaints received by the Audit Committee of the Board of Directors will be investigated as quickly as possible, taking into account the nature and complexity of the report and the issues raised therein, and appropriate corrective action will be taken if warranted by the investigation.

A Person filing a complaint or concern, if it has not been filed anonymously, should expect some response confirming receipt of the filing no later than two weeks after the filing occurs. Should the Person filing the complaint or concern believe, in Good Faith, that conditions warrant a quicker reply, the Person should detail those conditions as part of his or her initial filing and suggest expedited treatment.

Investigation of Reports

All reports will be taken seriously and will be promptly investigated. The specific action taken in any particular case depends on the nature and gravity of the conduct or circumstances.

The Audit Committee shall receive, retain, investigate and act on all complaints and concerns which have been reported pursuant to this policy. Any concerns or complaints which constitute an Accounting Allegation shall be addressed directly by the Audit Committee.

At the discretion of the Audit Committee, responsibilities of the Audit Committee created by this policy may be delegated to any member of the Audit Committee or to a subcommittee of the Audit Committee.

All concerns forwarded to the Audit Committee by management or submitted directly to the Audit Committee or any of its members, whether openly, confidentially or anonymously, shall be reviewed by the Audit Committee, who may, in their discretion, consult with any member of management or employee whom they believe would have appropriate expertise or information to assist the Audit Committee. The Audit Committee shall determine whether the Audit Committee or management should investigate the concerns.

If the Audit Committee determines that management should investigate the concerns, the Audit Committee will notify the President/CEO in writing of that conclusion. Management shall thereafter promptly investigate the concern and

shall report the results of its investigation, in writing, to the Audit Committee. Management may engage outside auditors, counsel or other experts to assist in the investigation and in the analysis of results. However, such services are subject to review and approval by the Audit Committee who shall evaluate the services, establish confidentiality guidelines and ensure compliance with any applicable independence requirements.

If the Audit Committee determines that it should investigate the concern, the Audit Committee shall promptly determine what professional assistance, if any, it may require in order to conduct the investigation and engage outside auditors, counsel or other experts to assist in the investigation and in the analysis of results where considered necessary.

If, on preliminary examination, the concern, issue or facts raised or alleged in any report filed are judged to be wholly without substance or merit, the matter shall be dismissed and the Person alleging the Wrongdoing informed of the decision and the reasons for such dismissal.

If it is judged that the concerns or issues covered in the report filed have merit, the matter shall be dealt with in accordance with this policy, the normal disciplinary procedures taken by the Company, and/or as otherwise may be deemed appropriate according to the nature of the case. The outcome of the investigation will be reported to the Person alleging the Wrongdoing in cases where the individual reporting the concern did not do so anonymously.

If any report filed relates to the alleged conduct of a director or executive officer of the Company, it is highly recommended that the Audit Committee retain independent counsel to investigate the facts and allegations contained in such report, as well as in all cases where a report contains an Accounting Allegation, whether or not the allegation implicates an executive officer or director.

In the event that an investigation establishes that an employee, officer or director is responsible for potential violations or misconduct which have occurred or which are occurring, has taken Adverse Employment Action against any Person, or has otherwise committed any act in violation of this policy, the Company will take immediate and appropriate corrective action up to and including termination of an employee's employment or in the case of a director, demanding his or her resignation.

In conducting any investigation, the Audit Committee, subcommittee, or designated member of management conducting the investigation, shall use reasonable efforts to protect the confidentiality and anonymity of the complainant.

Record Maintenance and Retention

The Audit Committee shall maintain a listing of all investigations. This listing shall include, but not be limited to, documentation of the date of the submission of the report by the whistleblower, contact information and date of confirmation of receipt of the report (where applicable), details of any investigation performed, actions taken and the details and date of any final resolution.

The Audit Committee shall retain, as part of the records of the Audit Committee, all details of any reported complaints, concerns or issues and any related investigation or conclusions. These records shall be retained for a minimum of seven years, or any other minimum time period required, from the date of final resolution to ensure compliance with all applicable record retention requirements set forth under Canadian and United States security laws, legislation, tax laws, or other business regulations and legal requirements.

6. Communication

Reference to this policy shall be made by all Human Resources personnel performing Sign On procedures for new employees and shall be discussed when employees read the Code of Conduct policy.

This policy will be communicated through the intranet and all employees will be informed of sources where copies of the policy may be obtained.

Upon request, any Person may obtain a printed copy of this policy from Human Resources personnel.

7. Summary of Whistleblower Process

